

REAL ESTATE DEVELOPMENT

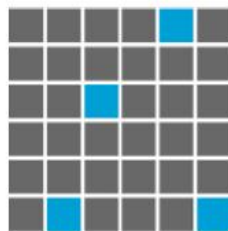
Request for Qualifications and Statement of Interest For

EAGLE MOUNTAIN PROJECT

**A Master Planned Mixed-Use Community
1,200+/- acres**

Eagle Mountain, Utah

November 2014



State of Utah
School and Institutional
TRUST LANDS ADMINISTRATION
Planning and Development Group
675 East 500 South, Suite 500
Salt Lake City, Utah 84102
801-538-5100

REQUEST FOR QUALIFICATIONS AND STATEMENT OF INTEREST

The State of Utah, School and Institutional Trust Lands Administration (“Trust”) has master planned a mixed-use community, the Eagle Mountain Project (“Project”), located on its Mid-Valley parcel in the rapidly growing city of Eagle Mountain, in northwest Utah County, Utah. The Project encompasses 1,200+/- acres and is covered by the Master Development Agreement (“MDA”) and Master Development Plan (“Plan”) approved by Eagle Mountain City (“City”) in 2003.

INTENT

The Trust is soliciting statements of interest and qualifications for development and/or purchase of the Project. The purpose of this request is to allow the Trust to ascertain the experience, compensation structure and resource commitment of developers interested in working with the Trust. *Substance in the response will carry more weight than form or manner of presentation.*

The Trust anticipates selecting a master developer and entering into a contract wherein the selected developer will provide all resources to execute the approved MDA or an alternate plan if approved by the City and the Trust. It is intended that the selected developer will implement the development plan in a phased approach that responds to market conditions and results in a high quality, balanced mixed-use community.

While purchase offers will be considered, the Trust anticipates preference for a transaction in which the Trust will act as a non-subordinated land partner in a development-lease structure. In this scenario, the selected developer would bring all capital and operate as either i) a “land developer” intending to wholesale “ready to build” land to builders; ii) a “land developer-builder” selling buildings at retail; or iii) a combination of i and ii.

Compensation structures to the Trust should reflect the level at which the developer intends to operate. The Trust desires to be compensated at a gross price point so it will not be obligated to audit developer expenses. The Trust encourages additional and/or other compensation structures that could include performance-based bonus payments, profit participation, percentage rents of revenue-producing improvements, and/or reimbursement of previous (and potentially future) infrastructure investments.

REQUEST

The Trust requests statements of interest and qualifications from developers to implement the Project. In their statements of interest and qualifications, developers are encouraged to provide their views on the viability of the MDA and Plan and to propose alternatives if such would improve the developed Project and the Trust’s economic returns.

EXPECTATION

The Trust anticipates the Project to be developed as a high-quality mixed-use master planned community in keeping with, or surpassing, the standards established in the MDA.

TIMING

The Trust expects to enter into negotiations with one or more qualified developers, depending on the nature of qualifications and statements received. The Trust expects to conclude a

development lease, development agreement or purchase agreement in 2015 with the selected developer. At that time, the selected developer would assume full responsibility for the Project. Depending upon the specific agreement reached with the Trust, the Trust may retain partial prior approval authority for subsequent submittals to the City made in the normal course of development. It is expected that the developer would be able to commence development in 2015. The Trust anticipates that the Project will be governed by appropriate design guidelines, CC&Rs, community association, etc., and that the selected developer would enter into a development agreement with the City regarding a number of these and other matters.

PROPERTY AND DISCLOSURES

The following information about the Project, including disclosures, is believed to be accurate but is not warranted by the Trust. The information, in this document and separate files on the Trust's website, is presented for convenience only and may not represent the true conditions of the property. It is the developer's responsibility to collect and use the correct information for its statement of interest.

LOCATION

The Project is located west of Lehi and Saratoga Springs (see Figure 1), within Section 36, Township 5 South, Range 2 West, and Sections 1 and 12, Township 6 South, Range 2 West, SLB&M, Utah County, Utah. The Project is situated in the central area of the Eagle Mountain City limits between the "city center" to the south and the Ranches to the north (see Figure 2).

GENERAL DESCRIPTION

The Project is located on flat to gently sloping terrain, which the City considers to be suitable and appropriate for development. The Project encompasses the Plan area that was approved by the City with the MDA to provide a variety of mixed uses ranging from low-, medium- and high-density residential products to commercial, institutional and civic facilities.

MASTER CONCEPT PLAN AND VISION

In cooperation with the City, the Trust developed the Plan that is specific as to some elements and general as to other components. Specific elements include:

- *Major road alignments* have been planned and some have been deeded to the City.
- *Regional parks* have been deeded to the City and the City and Trust have jointly developed detailed master plans for these parks.

The Trust has not laid out the residential roads, lots within development parcels, church sites, neighborhood parks, or other elements that will be finished as planning is refined. These elements leave the developer with considerable latitude to size lots and vary density within development parcels in response to the market.

Integral to the Trust's place-making concept is the design of Pony Express Parkway through the high-density central portion of the Project. The Trust designed and built the road with intersections at 400-foot centers, with traffic calming elements at each intersection. For this reason, the Trust dedicated a bypass road right-of-way (Bypass Route) to the City to

accommodate through traffic. This design allows for the central portion of the Project to be built using a New Urbanism design concept emphasizing walkability and higher density housing than is typical in the already-constructed portions of the City.

While the Trust values this vision for the Project and believes that it can yield the highest ultimate return to the Trust and its developer-partner through creating a desirable community, the Trust's highest priority continues to be the financial return to the Trust from the Project. The Trust encourages developers to respond frankly to this vision in their statements of interest, and is open to alternative development concepts if a developer can demonstrate a higher return to the Trust from a variation or alternative to this concept.

PROPERTY DISCLOSURES

The Project encompasses the Mid-Valley parcel.

Acreage – The Project has 1,200+/- acres, most of which are available for development:

MID-VALLEY PARCEL	ACRES
Developable Land	985
Regional Parks (deeded to City)	100
Roadways (deeded to City)	86
Middle School Site (sold)	25
TOTAL (surveyed acreage)	1,196

Key MDA Terms – In October 2003, the City and the Trust agreed to the terms of the MDA and the accompanying Plan. The MDA includes commitments by the Trust to dedicate parks and roads, reserve school sites, assign water rights, advance funds for water system improvements and Pony Express Parkway (formerly Sweetwater Road) construction. In return, the City committed to grant agreed development densities, provide offsetting impact fee credits and water hookups, and construct the first phase of Pony Express Parkway.

- **Entitlements** – The City granted approximately 3,600 units or an average density of 3.0 units per acre to the Project. The details are shown in Figure 3.
- **Parks and Civic Center** – The Trust deeded two regional parks to the City: Midvalley Regional Park (58 acres) and Historic Pony Express/Overland Trail Park (42 acres). A community or civic center may be located on 10 acres within the Regional Park. In return, the City granted \$1.1 million in park and recreation impact fees to the Trust.
- **Water** – The Trust assigned a 500 acre-foot water right to the City through a banking agreement for the Project's future development and advanced \$750,000 to the City for water system improvements. The City granted \$750,000 in water impact fee credits to the Trust.
- **Roads** – The Trust granted rights of way to the City for Pony Express Parkway, Airport Road to connect with SR-73 and Bypass Route. The Trust provided the City with \$1.7 million in construction funds to cooperatively construct Pony Express Parkway. In return, the City granted \$1.7 million in road impact fee credits to the Trust.

Updated Plan – The Trust has developed an updated master development plan (Figure 4) that incorporates additional mixed-use commercial land shown in the City’s Future Land Use and Transportation Corridors map. The updated plan has not been formally presented to the City. Should the developer choose to materially modify the Plan or MDA, it will be the developer’s responsibility to process the changes through the City after the Trust’s approval.

Downtown – Several years ago, the City asked the Trust to locate the City’s downtown area within the Project. Following a collaborative planning effort with the City, the Trust developed a walkable downtown concept (Figure 5) that evokes Provo’s Center Street with two- to three-story buildings of ground-level retail with residential and/or office uses on upper floor(s). The downtown plan enhances the higher-density-core concept in the updated plan and allows the City’s downtown to have a distinct identity that uses the regional park as the community’s living room. The downtown concept also shows a medical facility based on the Provo hospital (at scale) to provide context for a community amenity concept in the mixed-use commercial area. The downtown concept has not been formally approved by the City.

Phasing Concept – The Trust believes that developers should consider a phasing plan that commences in the central portion of the Project to create a distinct identity for marketing the Project. The Trust recognizes that the initial phase(s) would build the momentum and infrastructure needed to support a higher density product in the core of the Project that could be developed along more innovative New Urbanism lines. The selected developer will need to be patient to fully build out the Project.

Trails – With the Trust’s assistance, the City received two grants to construct an urban trail connecting the Ranches trail system with the trail system in the “city center” area. This regional trail is paved and parallels the Pony Express Parkway corridor through the Mid-Valley parcel. The trail is regularly used by residents for exercise, by students traveling to/from Frontier Middle School, and by recreating youngsters outside of school hours.

The Trust worked with the City and the National Park Service to improve parking lots and install interpretive signage along the Pony Express Trail. These recently completed enhancements should encourage residents and visitors to use the historic trail over the Mid-Valley parcel and across the Cedar Valley.

Soils – Subsurface soil conditions were explored along the proposed road alignments for Pony Express Parkway, Midvalley Road and Lake Mountain Road (also known as Antelope Bench Phase 1 Roadway). The subsurface soils lie beneath a topsoil layer and include poorly graded gravel, silty sand, silt, and lean clay. Pinhole structure was observed to varying degrees in the silt and lean clay soils; pinhole structure is an indication of collapse potential under increased loading and moisture conditions. See the geotechnical reports on the Trust’s website for complete soil testing results, analyses and conclusions.

IMPROVEMENTS

The selected developer will be responsible for supplying all onsite and offsite improvements related to the Project. The Trust expects interested developers to perform their own investigations regarding all aspects of the Project, including requirements and opportunities for

onsite and offsite infrastructure and amenities. The Trust anticipates that the statements of interest will highlight the developer's thoughts about the following improvements:

Access – The MDA and the City's Transportation Master Plan define the major collector and arterial roads. The major roads discussed in the MDA are Pony Express Parkway (formerly Sweetwater Road), Bypass Route and Airport Road. The Trust constructed the first phase of Midvalley Road that connects Pony Express Parkway to Frontier Middle School. This portion of Midvalley Road was dedicated to the City in 2012.

Culinary Water – The Trust has made substantial investments in water rights and water system improvements that benefit the Project.

- **Water System** – The Trust constructed a twelve-inch water main along the length of the Project in Pony Express Parkway, with eight-inch lateral lines stubbed out at each intersection to provide service for the first several phases of development. This water main also improved the City's overall system by connecting a critical loop in the system. An eight-inch lateral line extends the constructed length of Midvalley Road.
- **Water Supply** – The Trust has “banked” significant water rights with the City that the City is holding for the Trust's benefit. Through the City, the Trust has leased water from the Central Utah Water Conservancy District (“CWP”). These water sources are:

WATER SOURCE	W/R#	ACRE FEET
Banked Water Right	54-1173	500
Banked Water Right	54-1153	200
Banked Water Rights	54-1146 54-1147	52
Banked Water Right	54-145	33
Leased CWP Water	n/a	1,000
TOTAL - Project		1,785

Depending upon several variables, including the size of dwellings built, watering restrictions and the potential for a secondary water system to be built in partnership with the City, these water supplies could meet approximately half of the Project's requirements. The developer would need to encourage the City to acquire additional water and to construct additional facilities to bring the necessary water to the City. The developer will be encouraged to work with the City to develop a secondary water system for re-use of the “gray” water from the South Service Area's treatment system. This would allow the Project's water supply to be extended to more residential units.

Parks and Trails – All of the Project's open spaces, except for neighborhood parks, have been conveyed to the City. The Plan calls for a number of neighborhood parks. The Trust encourages the selected developer to work closely with the City in planning these parks. The developer will be responsible for the design and construction of neighborhood trail systems throughout the Project.

Sanitary Sewer – The Project's sewer connection is to the City's South Service Area sewer system. The Trust installed the trunk sewer line in the Pony Express Parkway right-of-way from

the Project's south boundary north to Midvalley Road. The Trust believes the capacity of this trunk line is sufficient to service the Project's needs but not the needs of adjacent landowners.

The developer will be responsible for completing the design, approval and construction of the Project's onsite sewer collection system. The developer will be required to continue to work with the City to advance the completion of the sewer improvements.

Storm Drainage – The City requires a storm drainage plan prior to substantial development. Due to the generally flat nature of the Mid-Valley parcel, the Trust built a swale and retention basin along the constructed section of Midvalley Road to demonstrate the suitability of these features. Aside from minor landscape maintenance issues related to a City contractor, the features appear to be working.

Impact Fee and Capital Facilities Credits – The Trust currently owns impact fee and capital facilities contribution credits totaling approximately \$3.55 million, as follows:

- Parkland – The Trust has contributed land for parks valued at \$1.1 million for which it is receiving reimbursement from park and recreation impact fees collected on other developments in the City.
- Pony Express Parkway (formerly Sweetwater Road) Phase One and Water Line – The Trust advanced funds to the City to construct Pony Express Parkway (formerly Sweetwater Road) and a 12-inch water line for which it has a Capital Facilities Credit of \$1.7 million. The Trust is being reimbursed for this advance from applicable impact fees as those fees are collected.
- Water System – The Trust pre-paid \$750,000 in water impact fees for the Mid-Valley Parcel. These funds were used to improve the City water system to serve the early phases of development on the Mid-Valley Parcel.

The City reimburses the Trust for the parkland, Pony Express Parkway and water system contributions as those impact fees are collected from City development activity. The Trust expects that the transaction contemplated herein will recognize the value to the developer of the pre-paid water impact fee and capital facility credits.

PROPERTY CONDITION

The Trust's Mid-Valley property in this land offering is vacant land in an as-is undeveloped condition and will not be improved further by the Trust. Prospective developers are encouraged to visit the property, which is readily accessible by automobile. Much of the property is under a dryland-farming lease, from which lands can be withdrawn as development progresses.

DEVELOPER OBLIGATIONS

The developer selected to develop the Project will be responsible for all aspects of the Project including capital investment, full execution of the Project including obtaining all further City approvals, resolving any offsite and onsite issues including utilities, and performing all additional testing, engineering, planning, marketing, construction, and managing of contractors.

ADDITIONAL INFORMATION

For additional information about the Project:

- *Trust Documents* – MDA, select maps, concept plans, road plats, and geotechnical reports: <http://trustlands.utah.gov/projects/eagle-mountain-RFQ/> Check this RFQ website for updated information before submitting your qualifications and statement of interest.
- *City Documents* – City development code, as well as land use, zoning and transportation maps and plans: <http://www.emcity.org/>
- *Other Questions* –Contact Elise Erler at 801-538-5179 or eliseerler@utah.gov. Answers to questions will be posted on the RFQ website and available to all participants.



Looking westerly across the Project area and Cedar Valley to the Oquirrh Mountains. The Project area extends from the lower road in the foreground (Lake Mountain Road) to the dark field in the center. The other road is Pony Express Parkway.

SUBMISSION REQUIREMENTS

Any developer wishing to receive consideration should submit the following (*Substance in the response will carry more weight than form or manner of presentation*):

A. Qualifications

1. History – The Trust seeks to partner with experienced and well capitalized real estate developers. Provide background information such as a brief history of the developer, years in business and any other information communicating capabilities including numbers of master-planned residential land/lots developed and sold, and commercial and/or industrial land developed and leased or sold.
2. Personnel – Identify and provide resumes for all principals and key personnel who will be involved with the Trust and the Project. Provide contact information for the primary individual(s) representing the developer.
3. Relevant Developer Experience – An overview of large-scale mixed-use project experience over the last 10 years. The overview should outline the type(s) of transaction, position in the transaction(s) and the services provided by the principals and key personnel identified above.
4. References – Names and contact information for at least 3 current or recent-past references to demonstrate general professional integrity and reputation of the developer held within the business/public community.
5. Financials¹ – The Trust seeks to partner with well capitalized developers. Provide the following financial information for the developer:
 - The guarantee relationship that will exist between the development entity and its sponsors or participants if the entity undertaking the development will be specifically formed for this Project or represents a subsidiary or joint venture.
 - Provide the following information for the development entity or, in the case of a specifically formed company, for each of its guarantors:
 - Three (3) most recent years of audited financial statements.
 - Two (2) credit references, preferably involved in projects of similar scope.
 - The development entity's ability to commit capital to the Project.
 - A statement of willingness to contribute unsecured capital to the Project (the Trust believes it will take a minimum of \$5-10 million to initiate the Project).

B. Statement of Interest

1. Vision – Summarize developer's vision for the Project. Drawings and/or plans may be submitted to support the respondent's vision; however, the respondent is not required to submit any plans or drawings.
2. Strategy – Outline developer's strategy for developing the Project including:
 - Interest in developing all or a portion of the Project, and

¹ The Trust recognizes the sensitive nature of the financial information request. Financial information should be labeled "*Confidential*" and submitted in a separate electronic file or under separate cover. This information will be used by the Trust for evaluation purposes only and will be kept confidential.

- Developer's depth of involvement in the development, e.g. a) "land developer" intending to wholesale "ready to build" land to builders; b) "land developer-builder" selling or leasing buildings at retail; or c) a combination of a and b.
- 3. Transaction – Proposed transaction style: purchase, development-lease structure or another type of transaction.
- 4. Compensation – Proposed compensation structure that dovetails with the proposed transaction style identified above.
- 5. Other Information – Identify and discuss any other information that you believe the Trust should be aware of or should take into consideration when reviewing your submission.

SUBMISSION INFORMATION

Date and Time: By 3:00 pm Mountain Standard Time on Wednesday, January 7, 2015.

Format: Electronic file (PDF preferred) *or* three (3) paper copies.

Financial information should be labeled "*Confidential*" and submitted in a separate electronic file or under separate cover.

Submission Method/Location:

Electronic: eliseerler@utah.gov

Paper: School and Institutional Trust Lands Administration
Attn: Eagle Mtn RFQ
675 E. 500 South, Suite 500
Salt Lake City, UT 84102
801-538-5100

GENERAL CONDITIONS

Brokers are encouraged to work with prospective clients to make them aware of this offering. The Trust will not compensate brokers for their work; brokers must seek compensation from their client. Brokers will be required to submit a copy of their client agreement to become involved in the selection process.

The selection of entities for negotiation and the modification of any resulting proposal are at the sole discretion of the Trust. Selection decisions will be based primarily on financial capacity, development experience, qualifications of key personnel, and transaction proposal; however, a subjective component is likely in the selection process.

The Trust may consider all information available to it in reference to the qualification and ability of the submitting entity, including past performance with the Trust.

The Trust reserves the right in its sole discretion to waive irregularities of any kind in responsive submissions, to reject any and all submissions, to accept any submission it feels serves the Trust's and Project's interest, and to extend submission deadlines.

No right whatsoever shall inure in the respondent by virtue of its selection, until such time as a contract has been fully executed.

All expenses incurred in preparing submittals are the sole responsibility of the respondent.

Any proposal may be withdrawn at any time prior to the scheduled submission closing time.

The Trust will not return any copies of submitted proposals and will retain each submission.

Financial information that is specifically labeled "*Confidential*" by the respondent will be held confidential by the Trust. All other portions of submitted proposals will be public after the Project developer is selected and contract documents are signed, pursuant to the Government Records Access and Management Act (Utah Code Title 63G subsection 2).

Proposals will not be publicly opened.

Figure 1: Location map for the Eagle Mountain Project.

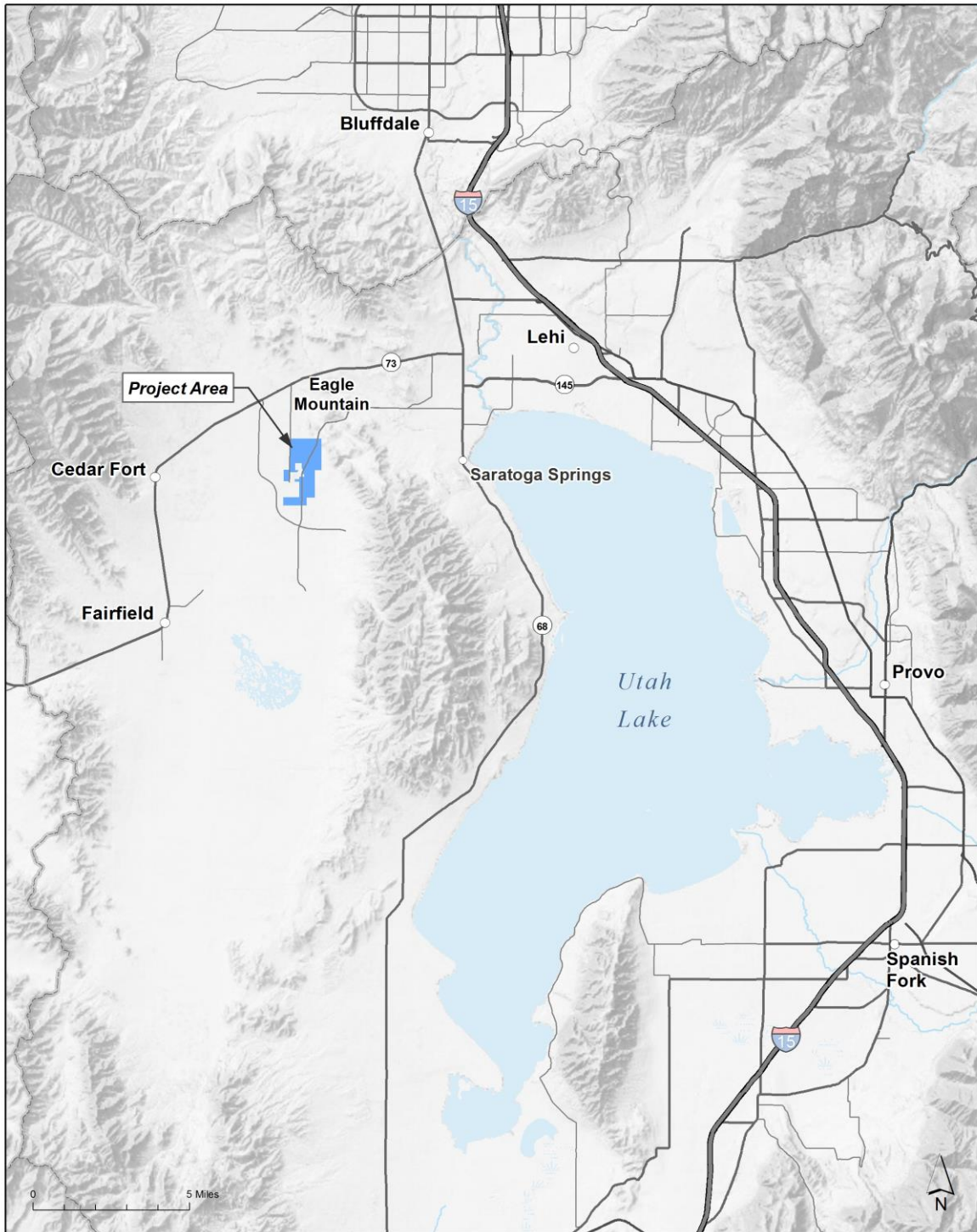


Figure 2: Location map showing Mid-Valley parcel within Eagle Mountain City limits.

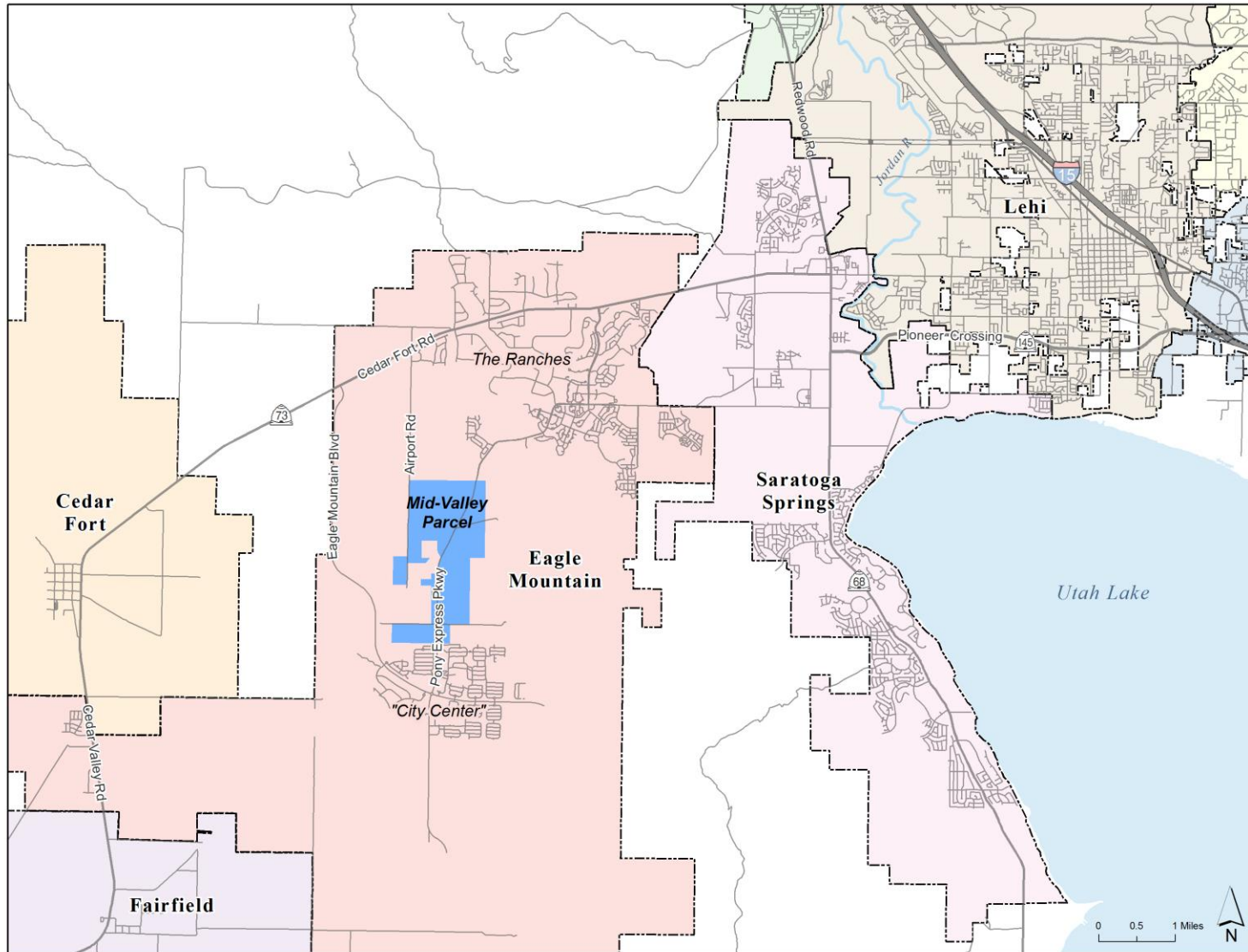


Figure 3: Approved Master Development Plan (2003)

(Note: This figure is the same as MDA Exhibit 1)

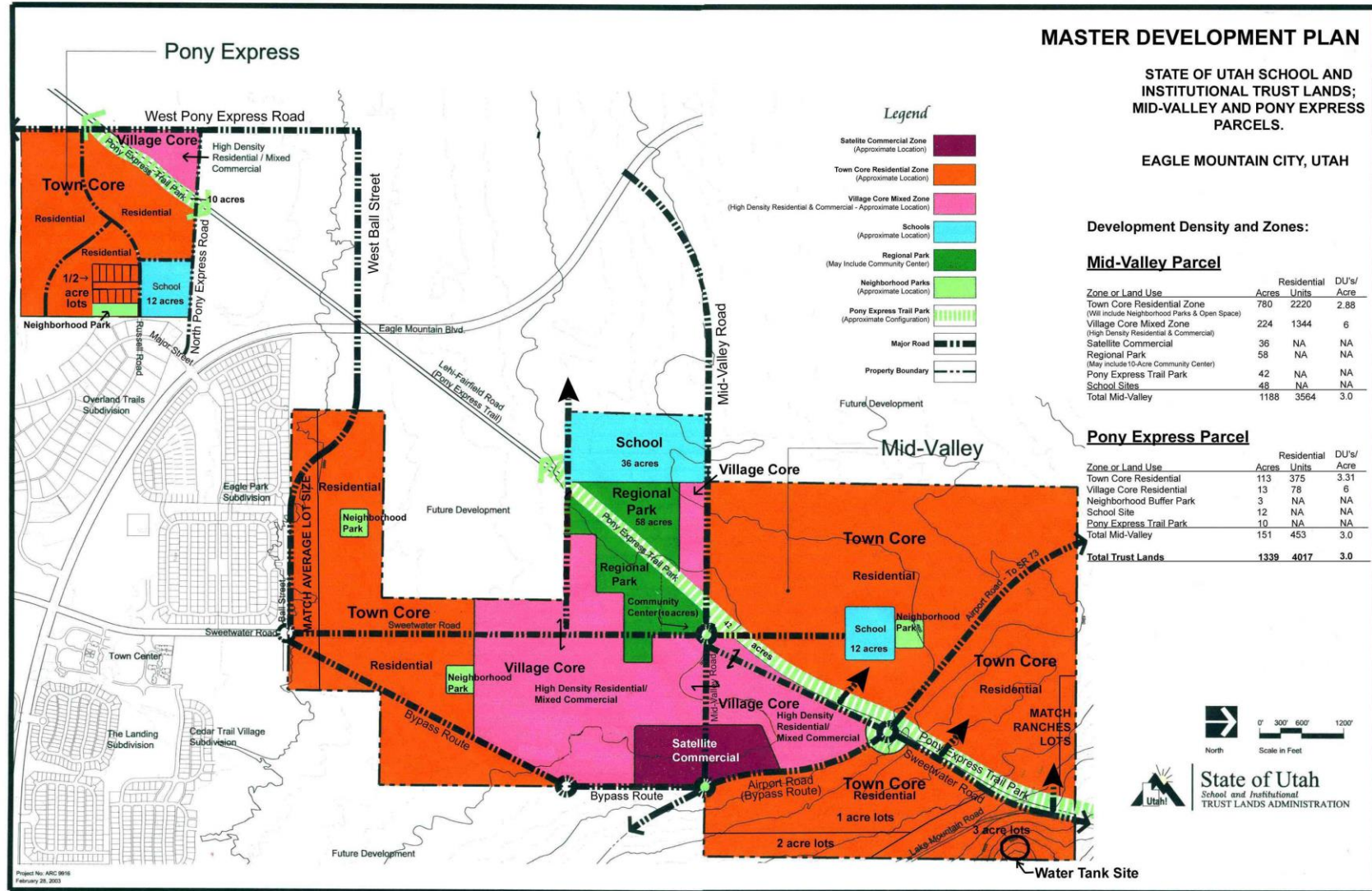


Figure 4: Proposed Master Development Plan

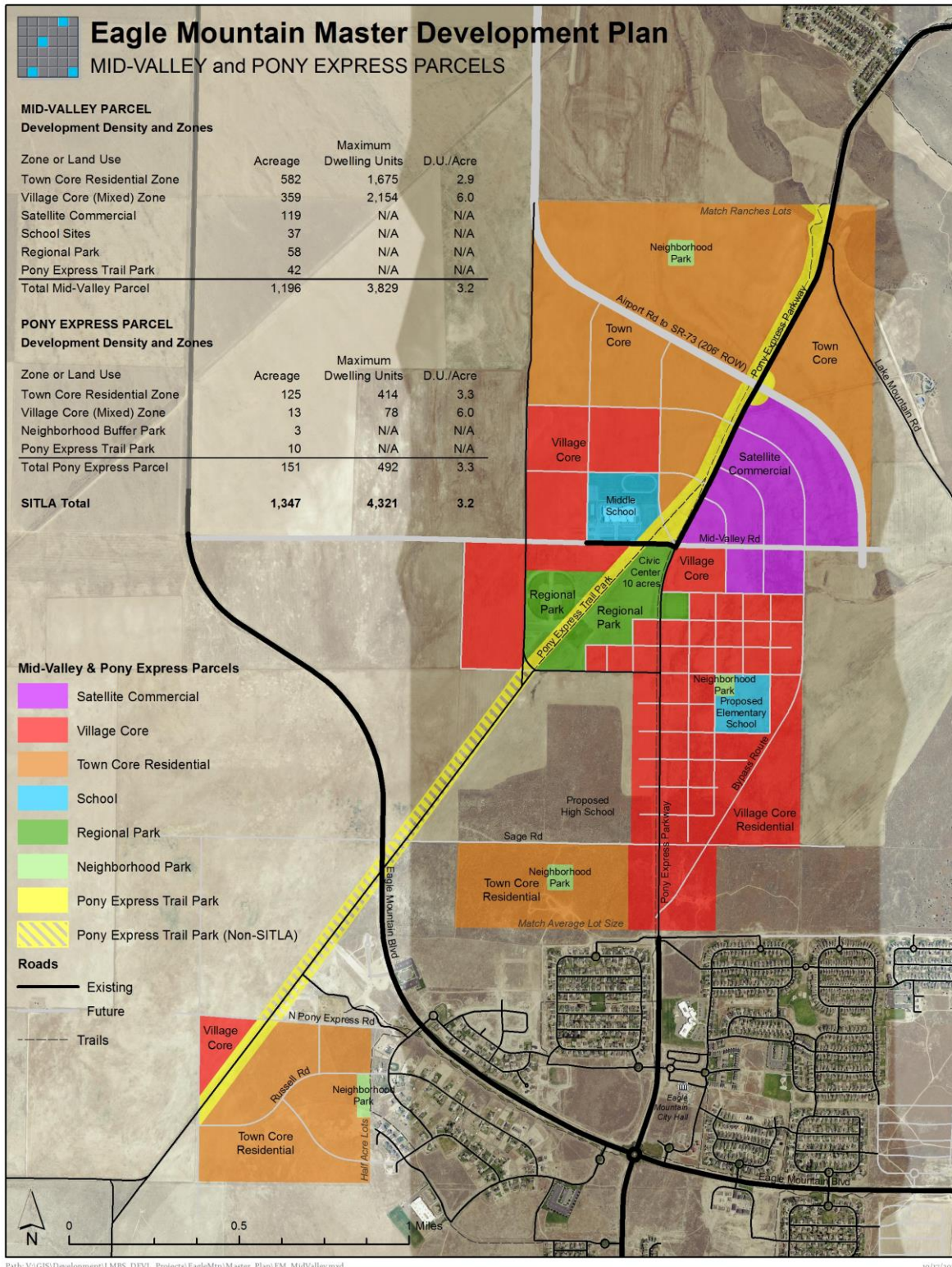


Figure 5: Proposed Downtown Concept

Showing the proposed walkable downtown and a community-amenity example of a medical facility (based on to-scale Provo hospital). Note that the proposed high school will probably not be located within the Project.

